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May 3, 1996

## BY HAND

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
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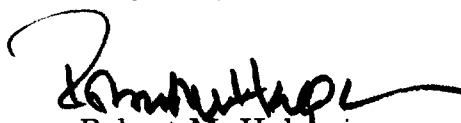
Re: In the Matter of Policy and Rules Concerning  
the Interstate, Interexchange Marketplace;  
CC Docket No. 96-61

Dear Mr. Caton:

Transmitted herewith on behalf of the State of Alaska are an original and eleven copies of the "Reply Comments of the State of Alaska" in the above-referenced proceeding in response to Section VI of the Notice of Proposed Rulemaking.

In the event there are any questions concerning this matter, please communicate with the undersigned.

Very truly yours,

  
Robert M. Halperin

Enclosures

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FEDERAL COMMUNICATIONS COMMISSION  
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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.**

In the Matter of )  
 )  
Policy and Rules Concerning the )  
Interstate, Interexchange Marketplace ) CC Docket No. 96-61  
 )  
Implementation of Section 254(g) of the )  
Communications Act of 1934, as amended )

**REPLY COMMENTS OF THE STATE OF ALASKA**

THE STATE OF ALASKA  
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Dated: May 3, 1996

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
Table of Contents .....	i
SUMMARY .....	ii
I. THE COMMISSION SHOULD ADOPT RULES AS CONGRESS REQUIRED; FORBEARANCE IS NOT APPROPRIATE .....	1
II. GEOGRAPHIC RATE AVERAGING APPLIES TO ALL INTEREXCHANGE CARRIERS AND GENERALLY TO ALL SERVICES .....	6
III. MERE CERTIFICATIONS ARE AN INADEQUATE MEANS OF ENFORCEMENT .....	9
IV. RATE INTEGRATION FOR SERVICES TO AND FROM ALASKA MUST BE PRESERVED .....	11
V. CONCLUSION ...	12

## SUMMARY

The Commission should promulgate the geographic rate averaging and rate integration rules that Congress has mandated. The suggestions that the Commission should forbear from promulgating these regulations or from enforcing them are without merit. Congress has made the policy choice in favor of geographic rate averaging and rate integration. It is illogical to suggest that Congress intended the Commission to forbear from implementing or enforcing these requirements at the same time Congress wrote them into the Communications Act of 1934, as amended. These requirements are a fundamental part of the universal service sections of the Telecommunications Act of 1996. Forbearance arguments are based on the premise that competition is a more important policy goal than universal service related considerations. That premise is contrary to Congressional intent and Commission precedent. Also, advocates of forbearance have not demonstrated that nation-wide carriers cannot compete effectively against regional carriers. Without that showing, they cannot possibly satisfy the statutory test for forbearance.

The Commission should reject arguments that geographic rate averaging and rate integration do not apply to all interexchange carriers and generally to all interexchange services. There is no basis in the statute or Commission precedent for any limitation. The Commission has, for example, previously applied the rate integration policy to private line and WATS services. A broad application of these policies is not only consistent with Commission policy and the universal service

provisions of the Telecommunications Act, but is sound policy. The social, educational and commercial integration and development of high-cost and off-shore points require that these policies be applied generally to all interexchange services. Implementation of these policies should not be dependent on access charge reform.

Mere certifications and reliance on the Commission's complaint procedures are inadequate to enforce these policies. Numerous carriers themselves have commented on the inadequacy of those mechanisms. The Commission should enforce these requirements through tariff-filing or comparable means.

The Commission must not take steps that are contrary to the accomplishment of rate integration and the recent resolution of the decade-long Alaska Joint Board proceeding, as AT&T acknowledges.

**Before the  
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Policy and Rules Concerning the	)	
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	)	
Implementation of Section 254(g) of the	)	
Communications Act of 1934, as amended	)	

**REPLY COMMENTS OF THE STATE OF ALASKA**

The State of Alaska ("the State" or "Alaska") hereby submits these reply comments addressing issues that were the subject of section VI of the Commission's Notice of Proposed Rulemaking in the above referenced docket. Notwithstanding the pleas to the contrary from some interexchange carriers and others, the Commission should not be deterred from promulgating and enforcing the rules that Congress has mandated requiring geographic rate averaging and rate integration.

**I. THE COMMISSION SHOULD ADOPT  
RULES AS CONGRESS REQUIRED;  
FORBEARANCE IS NOT APPROPRIATE**

Congress was very clear: the Commission "shall adopt rules to require that the rates charged by providers of interexchange telecommunications services to subscribers in rural and high cost areas shall be no higher than the rates charged be each such provider to its subscribers in urban areas. Such rules shall also require that a provider of interstate interexchange telecommunications services

shall provide such services to its subscribers in each State at rates no higher than the rates charged to its subscribers in any other State."<sup>1/</sup>

There is nothing ambiguous about this Congressional mandate. The Commission must adopt rules implementing these geographic rate averaging and rate integration principles. Nothing in the legislative history of the Telecommunications Act of 1996 suggests that Congress intended for the Commission to forbear from following these requirements. It is illogical to suggest that Congress would, on the one hand, direct the Commission to adopt rules codifying the Commission's long-standing policies of geographic rate averaging and rate integration and, at the same time, intend that the Commission eviscerate these requirements through forbearance.

The placement of the geographic rate averaging and rate integration requirements into Section 254 of the Communications Act, which sets forth the principles and requirements for universal service, was not accidental. As set forth in the State's comments in CC Docket No. 96-45, Congress has now taken important steps to make explicit and expand upon universal service goals.<sup>2/</sup> In particular, Congress took important steps to make certain that rural, insular, and high-cost areas would not be left behind as the Nation enters the "Information Age." Section 254(g) was clearly intended to make sure that these areas did not

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<sup>1/</sup> Telecommunications Act § 101 adding § 254(g) to the Communications Act of 1934, as amended (emphasis added).

<sup>2/</sup> The State hereby incorporates by reference its comments submitted in CC Docket No. 96-45, a copy of which is attached to these reply comments.

face interexchange rates that were discriminatory or disproportionate to the rates charged in other areas; this was an important universal service objective. It would turn the intent of Congress on its head for the Commission to fail to adopt and fail to enforce meaningful rules as Congress has directed.

Some commenters suggest that the Commission should forbear from adopting and enforcing these Congressionally mandated rules because these rules might interfere with free-wheeling competition. AT&T, for example, urges the Commission not to adopt its proposed rules (which merely track the language of the Telecommunications Act) because they are "rigid and inflexible."<sup>3/</sup> MCI argues that the "overriding public interest in competition" must prevail over the "lesser policy objectives" of geographic rate averaging and rate integration. These comments miss the mark for a variety of reasons.

First, these arguments ignore Congress's clear direction to the Commission. Congress has "done the heavy lifting" and made the policy decision that geographic rate averaging and rate integration are to be the law of the land. The Commission is not proposing to be "rigid and inflexible"; it is merely proposing to do what the Congress ordered.

Second, there is no basis for the assertion that geographic rate averaging and rate integration are any less important than competition; indeed, the precedent is to the contrary. A Federal State Joint Board addressing rate

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<sup>3/</sup> AT&T Comments, Market Definition, Separations, Rate Averaging and Rate Integration ("AT&T Comments") at 28.



integration issues -- which included three FCC Commissioners -- concluded that rate integration and other universal service related policy objectives (including rate integration and the prevention of increases in intrastate toll rates) were more important than the policy goals of competition and efficiency.<sup>4/</sup>

If competition was the "be all and end all" of telecommunications policy, there would be no Section 254(g), there would be no universal service provisions in the Telecommunications Act, and there would be no need for the Commission to do anything other than allocate spectrum. Such a view is clearly neither sound public policy nor a correct interpretation of the Communications Act of 1934, as amended. As the U.S. Supreme Court noted, competition is not an end unto itself and the public interest standard of the Communications Act is much broader.<sup>5/</sup>

Third, even before passage of the Telecommunications Act and Congress's increased emphasis on universal service related objectives, the Commission always placed a heavy burden of proof on opponents of geographic rate averaging.

Given our strong commitment to geographic rate averaging, however, we believe that any AT&T proposal to deaverage rates would raise significant issues affecting the achievement of the universal service goals embedded in the Communications Act. . . . AT&T would bear the burden of justifying its proposal, and, given our strong commitment to geographically averaged rates, the showing we will require will be difficult to meet.<sup>6/</sup>

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<sup>4/</sup> Integration of Rates and Services, Supplemental Order Inviting Comments, 4 FCC Rcd 395, 398 (Jt. Bd. 1989).

<sup>5/</sup> FCC v. RCA Communications, Inc., 346 U.S. 86, 92-95 (1953).

<sup>6/</sup> Policy and Rules Concerning the Rates for Dominant Carriers, Report and Order and Second Further Notice of Proposed Rulemaking, 4 FCC Rcd 2873, 3133 (1989).

Those seeking forbearance of the geographic rate averaging and rate integration rules have not satisfied this (or any lesser) burden. They merely assume that enforcement of these rules would be unfair or create competitive imbalances as nation-wide carriers compete with regional carriers. There is no showing, however, that nation-wide carriers cannot compete effectively against regional carriers, particularly if all carriers are subject to geographic rate averaging and rate integration requirements throughout the scope of their respective service territories.

National carriers certainly have economies of scale and economies of scope that give them advantages over regional carriers. They are able to provide services over their own networks at a lower cost.<sup>7/</sup> They are also able to spread sales and marketing costs over a larger number of subscribers than regional carriers. AT&T admits that it is now subject to competition from regional carriers such as Rochester Telephone Company (Frontier) and Southern New England Telephone Company;<sup>8/</sup> yet it does not even attempt to argue, never mind demonstrate conclusively, that its competitive position with respect to these

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<sup>7/</sup> See Comments of Cable & Wireless, Inc. at 6 (noting that it costs carriers less to handle calls over their own facilities than it does if they need to employ the facilities of other carriers); Comments of the General Services Administration at 6 (common carriers have desire to become nation-wide ubiquitous carriers in order to control service quality and cost by using their own facilities rather than leasing facilities from others).

<sup>8/</sup> AT&T Comments at 29 & n.54.

carriers is harmed by geographic rate averaging and rate integration requirements.<sup>9/</sup>

The lack of such a showing means that advocates of forbearance have not satisfied the statutory test. They have not shown that (1) these rules are not necessary to ensure just, reasonable and nondiscriminatory rates; (2) these rules are not necessary for the protection of consumers; and (3) forbearance is in the public interest.<sup>10/</sup> If anything, the requests from carriers that they not be subject to geographic rate averaging and rate integration requirements is evidence of the need for those requirements and a meaningful mechanism to enforce them.

## **II. GEOGRAPHIC RATE AVERAGING APPLIES TO ALL INTEREXCHANGE CARRIERS AND GENERALLY TO ALL SERVICES**

Most of the major interexchange carriers agree with the State that the Telecommunications Act requires that geographic rate averaging and rate integration apply to all interexchange carriers.<sup>11/</sup> Indeed, the language of the Act

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<sup>9/</sup> Some commenters also suggest that geographic rate averaging may lead some carriers not to provide service to certain high cost areas. *E.g.*, Sprint Comments at 11-13; AT&T Comments at 30-31. The State believes that all facilities-based interexchange carriers should be required to comply with Section 214 of the Communications Act and Section 63.71 of the Commission's rules prior to being permitted to discontinue service to any area. *See* Comments of the Rural Telephone Coalition at 11-12; Comments of the United States Telephone Association at 7-8.

<sup>10/</sup> Section 401 of the Telecommunications Act, adding section 10 to the Communications Act of 1934, as amended.

<sup>11/</sup> *See* AT&T Comments at 28 & n.52; Comments of MCI at 28; Comments of LDDS Worldcom at 9, 15

is clear on that point. Section 254(g) applies to all providers of interexchange services.

Many local exchange and interexchange carriers also agree that geographic rate averaging and rate integration apply generally to all interexchange services, including optional calling plans and other discounted service offerings.<sup>12/</sup> Here, too, there is no basis in the statute for any limitation.<sup>13/</sup>

Some commenters, however, suggest that geographic rate averaging and rate integration should apply only to "basic" service offerings and not, for example, to private line services.<sup>14/</sup> As Sprint's comments demonstrate, however, such a limitation would be contrary to Commission precedent and sound policy. These policies have generally applied to more than simple message toll service. For example, when GTE acquired Sprint's predecessor in interest, the Commission

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<sup>12/</sup> See Comments of MCI at 31, 35; Comments of Pacific Telesis Group at 11-12; Comments of the Rural Telephone Coalition at 13-14; Comments of the United States Telephone Association at 3.

The State agrees with the State of Hawaii that any specific request for forbearance could be considered only through a notice and comment rulemaking. Comments of the State of Hawaii at 11-13.

<sup>13/</sup> There is one exception. The General Services Administration ("GSA") expresses concern that the FCC not interfere with its procurements for the acquisition of telecommunications services. Comments of GSA at 7-9. Although GSA requests that the Commission exempt customer-specific contract tariffs from geographic rate averaging requirements, such a request paints with too broad a brush. There is specific statutory authority for treating services provided to the Federal Government as unique service offerings. 47 U.S.C. § 201(b). Thus, GSA need not be concerned that carriers providing services to it would somehow be obligated to provide those same services to other similarly-situated customers located elsewhere in accordance with geographic rate averaging rules.

<sup>14/</sup> See, e.g., Comments of Frontier Corporation at 9; AT&T Comments at 33.

required GTE, among other things, to cause Sprint to provide private line services under the same rate structure as applicable in the U.S. Mainland (*i.e.*, to integrate the rates).<sup>15/</sup> The services at issue in the Alaska Joint Board proceeding included WATS as well as MTS.<sup>16/</sup>

Moreover, it is sound public policy to apply these principles to interexchange services generally. As the comments in this proceeding demonstrate, the lines between service offerings are not always clear. Moreover, the rationale for these policies applies generally to all interexchange service offerings. The Communications Act's prohibitions on discrimination and unjust and unreasonable rates are not limited to specific services, but apply to all services. The social, educational, and commercial integration and development of high-cost and off-shore points require that services generally thought of as business services (such as private line services) be integrated and geographically rate averaged.

Several commenters also suggest that the Commission condition or otherwise limit the application of geographic rate averaging to areas in which access costs are uniform. The Florida Public Service Commission suggests that geographic rate averaging should be implemented solely with respect to interexchange service rates within the area served by a single local exchange carrier.<sup>17/</sup> America's Carriers Telecommunications Association suggests that

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<sup>15/</sup> Sprint Comments at 22-23, *citing* GTE Corp., 94 FCC 2d 235, 263 (1983).

<sup>16/</sup> Integration of Rates and Services, Memorandum Opinion and Order, 9 FCC Rcd 3023 & n.2 (1994).

<sup>17/</sup> Comments of the Florida Public Utilities Commission at 14.

geographic rate averaging can be required only where and when access costs are averaged.<sup>18/</sup> AT&T requests that the Commission not make geographic rate averaging and rate integration rules effective until there is access charge reform.<sup>19/</sup>

These suggestions are contrary to the Telecommunications Act and FCC precedent. The Commission has strongly endorsed geographic rate averaging and has required rate integration in an environment of different access costs. Geographic rate averaging has always meant nation-wide averaging.<sup>20/</sup> Congress was clear that it intended the Commission to continue those policies. Congress mandated that the Commission adopt these rules within six months of enactment of the Telecommunications Act. That mandate was not conditioned on the Commission's revision of access charges. The Commission simply does not have the authority to do what these parties suggest.

### **III. MERE CERTIFICATIONS ARE AN INADEQUATE MEANS OF ENFORCEMENT**

The State agrees with many commenters that mere certifications, as proposed by the Commission, are an inadequate means of enforcing geographic

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<sup>18/</sup> Comments of America's Carriers Telecommunication Association at 8-9.

<sup>19/</sup> AT&T Comments at 34-35.

<sup>20/</sup> Policy and Rules Concerning Rates For Dominant Carriers, Report and Order and Second Further Notice of Proposed Rulemaking, *supra*, 4 FCC Rcd at 3132 (geographic rate averaging ensures that all ratepayers benefit from nationwide interexchange competition); *id.*, Further Notice of Proposed Rulemaking, 3 FCC Rcd 3195, 3450-52 (1988) (geographic rate averaging is administratively simple; otherwise carriers would need to calculate, bill, and market rates for many different routes across the Nation). Integration of Rates and Services, Supplemental Order Inviting Comments, *supra*, 4 FCC Rcd at 398 ("nationwide rate averaging").

rate averaging and rate integration. General Communication, Inc. ("GCI") suggests that tariffs be required for services marketed to residential and small business customers and that these tariffs can be a method of monitoring compliance with these requirements.<sup>21/</sup> The State agrees with this suggestion and notes that many other public entities also agree.<sup>22/</sup>

GCI and others, including MCI, state that one reason why tariff filing is necessary is because the complaint process is not an adequate mechanism to enforce these requirements.<sup>23/</sup> The State notes that, in the absence of tariff filings (or the filing of equivalent rate information) those who would seek to assert their rights under geographic rate averaging and rate integration rules would lack the information needed to enforce their rights.<sup>24/</sup>

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<sup>21/</sup> Comments of General Communication, Inc. at 8.

<sup>22/</sup> See, e.g., Comments of Alabama Public Service Commission at 8; Comments of the Pennsylvania Office of Consumer Advocate at 3-4; The Office of the Ohio Consumers' Counsel's Initial Comments at 4-5.

<sup>23/</sup> Comments of General Communication, Inc. at 8-9; Comments of MCI at 33 & n.53; Comments of America's Carriers Telecommunication Association at 9-10.

<sup>24/</sup> Some suggest that the Commission should take steps to weaken the complaint process. LDDS Worldcom suggests that the Commission limit the penalties that can be incurred for an inaccurate certification to actual damages or regulatory fines (Comments of LDDS Worldcom at 14-15), apparently in lieu of penalties that would otherwise attach to false statements made to an executive branch agency. BellSouth suggests that the burden of proof be on the complainant, notwithstanding the fact that if no tariff information is on file, it would be difficult, if not impossible, for the complainant to obtain the information needed to prosecute a complaint. Comments of BellSouth (Phase I) at 6 & n.10. These suggestions further illustrate the inadequacy of mere certifications in enforcing geographic rate averaging and rate integration requirements.

Should the Commission not agree with the State (in its initial comments), GCI, and others that mere certifications (along with the complaint process) are an inadequate method of enforcing geographic rate averaging and rate integration requirements, the Commission should implement the suggestion of the State of Hawaii for an annual report to which price lists establishing compliance with geographic rate averaging and rate integration would be attached.<sup>25/</sup>

#### **IV. RATE INTEGRATION FOR SERVICES TO AND FROM ALASKA MUST BE PRESERVED**

The Commission, along with a Federal-State Joint Board, labored for almost ten years to resolve Alaskan interstate interexchange market issues and bring rate integration to Alaska in a permanent manner. Congress passed legislation mandating the Commission to adopt rules requiring rate integration. AT&T agrees that it remains subject to all of the conditions imposed in the Alaska Joint Board proceeding.<sup>26/</sup>

One issue before the Commission is how rate integration rules should apply to certain other off-shore points which have not in the past been encompassed by the Commission's rate integration policy. Some have suggested that these off-shore points should not be "rate integrated" because interexchange services from the U.S. Mainland cannot be provided to these points through distance insensitive means (*i.e.*, single-hop satellite transmissions).<sup>27/</sup>

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<sup>25/</sup> Comments of the State of Hawaii at 10-11.

<sup>26/</sup> AT&T Comments at 28 & n.52.

<sup>27/</sup> See Comments of Columbia Long Distance Services, Inc., at 4-7.



The State takes no position with respect to this issue. It does wish to emphasize, however, that, as the Commission has previously recognized, the application of rate integration principles does not depend on whether carriers are actually employing distance insensitive transmission mechanisms.<sup>28/</sup> Thus, the suggestion by Sprint that rate integration principles should not be applied or enforced because most calls to off-shore points are carried by fiber optic cable is factually irrelevant, as well as legally irrelevant given the policy choice made by Congress.<sup>29/</sup>

## V. CONCLUSION

The Commission should promulgate geographic rate averaging and rate integration rules in accordance with the dictates of Congress. Those policies apply to all interexchange carriers and generally to all interexchange services. The Commission should not forbear from enforcing those requirements and should adopt a meaningful enforcement mechanism, including tariff filing.

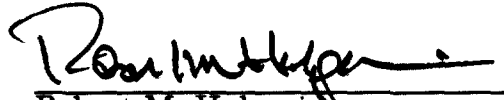
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<sup>28/</sup> See, e.g., Integration of Rates and Services, Memorandum Opinion and Order, 62 FCC 2d 693,695 (1976).

<sup>29/</sup> See Sprint Comments at 24. Similarly, MCI's suggestion that service rates to off-shore points "need to reflect true economic costs as perhaps tempered by competitive influences in the marketplace" (MCI Comments at 38) is wrong because it would read the Commission's and Congress's rate integration policy out of the books.

Respectfully submitted,

THE STATE OF ALASKA

A handwritten signature in black ink, appearing to read "Robert M. Halperin", written over a horizontal line.

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Before the  
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In the Matter of )  
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Federal-State Joint Board ) CC Docket No. 96-45  
on Universal Service )  
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To: The Federal State Joint Board on Universal Service:

COMMENTS OF THE STATE OF ALASKA

THE STATE OF ALASKA  
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Dated: April 12, 1996

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
Table of Contents .....	i
SUMMARY .....	ii
I. INTRODUCTION .....	1
II. THE TELECOMMUNICATIONS ACT REQUIRES A UNIVERSAL SERVICE PROGRAM THAT DOES NOT LEAD TO INCREASES IN TELEPHONE SERVICE RATES .....	2
III. THE NEED FOR UNIVERSAL SERVICE SUPPORT .....	5
IV. EXISTING UNIVERSAL SERVICE SUPPORT MECHANISMS NEED NOT BE ABOLISHED .....	7
V. ADDITIONAL SERVICES SHOULD BE ADDED TO THE BASKET OF UNIVERSAL SERVICES FOR RURAL, INSULAR AND HIGH-COST AREAS .....	10
VI. LOW INCOME SUPPORT STANDARDS SHOULD BE ESTABLISHED AT THE STATE LEVEL .....	14
VII. CONCLUSION .....	14

## SUMMARY

The promotion of universal telecommunications service for all Americans, including those who live in rural, insular, and high cost areas, is one of the primary purposes behind the Telecommunications Act of 1996. Congress has made the critical policy decision. As it (and the Commission previously) recognized, the public interest requires the broadest possible access to the telecommunications network. The more people who can make use of the telecommunications network, the more valuable that network is to all. The task of the Joint Board and Commission is to adopt rules that implement that clear policy directive.

The Telecommunications Act requires a universal service program that does not lead to increases in telephone service rates. Continuation of the current levels of universal service support is essential if telephone service rates in places like Alaska are to be just, reasonable, and affordable.

The Joint Board and Commission should be cautious about changing existing universal support programs. These programs -- like the universal service fund and dial equipment minute weighting -- need not be abolished and should not be replaced until it is clear that alternative support programs will satisfy Congressional policy objectives, including affordable telephone service rates.

The basket of services that the Commission proposes be supported is insufficient to fulfill Congressional directives. Among other things, universal service should include data transmission and Internet access services that are

essential to assure that rural, insular, and high cost areas are not denied the tools needed to pursue critical economic development activities as we enter the 21st century. These tools are also essential in providing education, public health, and public safety services. Telecommunications knock down the social and economic barriers that great distances erect between Americans living in rural areas and those living in urban areas; those barriers are particularly great in the non-contiguous points. The Joint Board and Commission should define universal service in a manner that reduces -- and does not heighten -- those barriers.

Eligibility standards for universal service programs aimed at low income consumers should be determined by the States.

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.**

In the Matter of	)	
	)	
Federal-State Joint Board	)	CC Docket No. 96-45
on Universal Service	)	
	)	

To: The Federal State Joint Board on Universal Service:

**COMMENTS OF THE STATE OF ALASKA**

**I. INTRODUCTION**

The Commission's Notice of Proposed Rulemaking poses hundreds of questions concerning how the Commission should implement the universal service provisions of the Telecommunications Act of 1996. Indeed, the issues are many and complicated. Although the State of Alaska ("the State" or "Alaska") does not wish to oversimplify the issues facing the Joint Board and Commission, we believe that the critical issue facing the Joint Board and Commission -- and one that should guide their resolution of the many detailed questions that have been posed -- is, "How do we best promote and preserve universal service for all Americans, including those living in rural, insular and high-cost areas?"

Congress has "done the heavy lifting" and made the policy decision to promote and preserve universal telecommunications services throughout America and for all Americans. The Joint Board and the Commission should not lose sight

of that primary policy objective. In these comments, the State highlights how this primary policy objective should guide the Joint Board and Commission with respect to the larger policy issues presented in this proceeding.

**II. THE TELECOMMUNICATIONS ACT REQUIRES  
A UNIVERSAL SERVICE PROGRAM THAT  
DOES NOT LEAD TO INCREASES IN  
TELEPHONE SERVICE RATES**

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Congress has, for the first time, explicitly written into the Nation's communications laws the requirement that the Commission take steps to make universal telecommunications services affordable for all Americans. It is no accident that the first principle that Congress set forth with regard to universal service is that "Quality services should be available at just, reasonable, and affordable rates." 47 U.S.C. § 254(b)(1). Congress went on to state that "Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services . . . at rates that are reasonably comparable to rates charged for similar services in urban areas." 47 U.S.C. § 254(b)(3). And affordable rates for all Americans is more than an abstract platitude: Congress mandated this point in section 254(i): "The Commission and the States should ensure that universal service is available at rates that are just, reasonable, and affordable."

The public policy in favor of universal service is stronger today than ever before. As the Commission recently recognized:



For the individual, telephone connectivity provides access to emergency services, to job opportunities and, through computer connections, to a host of educational opportunities. At the same time, increasing subscribership benefits all Americans by improving the safety, health, education and economic well-being of the nation. Thus, we recognize that our universal service policies may now have greater societal consequences than in the past.

*Notice of Proposed Rulemaking*, Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network, CC Docket No. 95-115, 10 FCC Rcd. 13003, 13004 at ¶ 4 (1995). The importance of affordable telecommunications connectivity is particularly great in states like Alaska in which telecommunications are the essential lifeline connecting remote communities to larger population centers and the Nation as a whole.

Congress has made the policy choice in favor of universal service clearer than ever.<sup>1/</sup> The Joint Board and Commission must take steps to protect and

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<sup>1/</sup> The primacy of universal service is confirmed in the Senate Report. The first sentence in the section "Need for the Legislation" states, "The need to protect and advance universal service is one of the fundamental concerns of the Committee in approving the Telecommunications Competition and Deregulation Act of 1995." S. Rep. No. 104-23, 104th Cong., 1st sess. at 4 (March 30, 1995).

This primary objective was confirmed by Senator Hollings, the ranking minority member of the Senate Commerce Committee, in the discussion of the Conference Report. "The need to protect and advance universal service is one of the fundamental concerns of the conferees in drafting this conference agreement. Universal service must be guaranteed; the world's best telephone system must continue to grow and develop, and we must attempt to ensure the widest availability of telephone service." 142 Cong. Record S 688 (daily ed. Feb. 1, 1996) (statement of Sen. Hollings). Excerpts from the Senate debate on the Conference Report for the Telecommunications Act on February 1, 1996 that relate to the issues in this proceeding are presented in the Appendix to these comments.